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# East Europe Report

## ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2073

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SCHEDULE OF INTERNATIONAL FLIGHTS FOR NOVEMBER-MARCH PERIOD

Tirana BASHKIMI in Albanian 1 Nov 80 p 4

[Announcement from Albtransport]

[Text] From 1 November 1980 to 31 March 1981, the schedule for airplanes of international airlines will be as follows:

1. Interflug—(IF-390/391)--civil air transport enterprise of the GDR will fly on Monday, once every 2 weeks, on the Berlin-Budapest-Tirana route and return arriving at Rinas airport at 1000 hours and departing from Rinas at 1110 hours.

2. JAT-(JU-480/481)--Yugoslav air transport enterprise, will fly on Monday, every week, on the Belgrade-Tirana route and return, arriving at Rinas airport at 1410 hours and departing from Rinas at 1510 hours.

3. Olympic-(OA-115/116)--national air company of Greece, will fly on Tuesday, every week, on the Athens-Ioannina-Tirana route and return, arriving at Rinas airport at 1210 hours and departing from Rinas at 1310 hours.

4. TAROM-(RO-251/252)--civil air transport enterprise of the Socialist Republic of Romania, will fly on Wednesday, every week, on the Bucharest-Tirana-Rome route and return, arriving in Rinas airport from Bucharest at 0900 hours and leaving for Rome at 0950 hours; it will return to Rinas from Rome at 1400 hours and will depart from Rinas for Bucharest at 1500 hours.

5. MALEV-(MA-430/431)--civil air transport enterprise of the Hungarian People's Republic, will fly on Thursday, every week, on the Budapest-Belgrade-Tirana route and return, arriving at Rinas airport at 1110 hours and departing from Rinas at 1210 hours.

Note: Passengers must be at Rinas airport 1-1/2 hours before the departure of the airplane, otherwise Albtransport is not responsible if they miss the flight.

Tirana, 29 October 1980.

CSO: 2100

POOR PLANNING, DESIGN OF BUILDINGS CRITICIZED

Tirana BASHKIMI in Albanian 5 Nov 80 pp 1, 2

[Article by Sokrat Mosko, director of the Institute for City Planning Studies and Designs and Architecture]

[Excerpts] Successes in city planning studies and design do not conceal the shortcomings and deficiencies for which we have attempted to find the causes and to determine the measures which must be taken to improve the situation. Such defects have appeared in the design for the Tepelene hospital and the Shkoder railroad station, cases in which the buildings were not organically related to the real conditions of the climate and the terrain. This deficiency is a result of failure to achieve the necessary depth in scientific work, insufficient effort to learn the situation in detail, to know factors such as the climate conditions of the zone and the microclimate of the construction site, the material base and the mechanization capacities and abilities of the enterprise constructing the work, the results of similar projects executed by the enterprise and many other factors whose scientific analysis would have resulted in a high level solution.

Deficiencies also appeared in the coordination of the design work among the various elements, in the erroneous practices of fragmented work, when the project is not considered in all its aspects but it begins with the architect and the construction or installation activities become mechanical processes, which results in serious consequences. This has happened in the case of some housing units in Vlore, in the railroad station in Mjede, etc. Such situations have also occurred in city planning studies, such as the study of the hill in Sarande, which was executed without the necessary knowledge of the situation of the city, its climate conditions, the microclimate of the hill and its connection with the city.

In general, efforts have been made and are being made in city planning to abandon completely the erroneous practice of many years past where the city plan is thought to be and is drawn up as simply a system of roads where a few buildings are placed. This has been inadequate. Therefore, more attention should be concentrated in this area so that the city plan will be preceded by accurate scientific work, for the study of the situation, for comparison with the past, discovering what life, development, the future and many other topogeological,

climate, and traditional factors dictate, thus arriving at a solution for the harmonious development of the city or of the residential center.

In architectural designs the shortcomings which are obvious and which have resulted in negative consequences are, in particular, the failure to examine analytically the design task and the lack of comprehensive studies on what has been done so far and what must be done.

In regard to design tasks, we must say that, in general, they are on a low level. The investors do not demonstrate sufficient concern; they allow them to be prepared by individuals who do not use scientific criteria.

CSO: 2100

# VIOLATION OF TECHNOLOGICAL, LABOR DISCIPLINE CAUSES LOSSES IN AGRICULTURE

Sofia KOOPERATIVNO SELO in Bulgarian 5 Nov 80 pp 1, 2

[Article by Marko Markov, chairman of the Control Council of the National Agroindustrial Union: "Discipline and Responsibility--Everywhere and From Everybody"]

[Text] The labor collectives in the National Agroindustrial Union launched a nationwide socialist competition this year and greeted the 36th anniversary of the Ninth of September revolution in our country with new successes and fulfillment of the 1980 plan and the Seventh Five-Year Plan.

As a result of the introduction of the economic approach and the new economic mechanism, most of the units of the National Agroindustrial Union during the first nine months of 1980 successfully fulfilled their counterplans in respect of a number of indicators. But the results would have been better still if throughout the National Agroindustrial Union there had been strict observance of technological, labor, contractual and financial discipline and if speedy and effective measures had been taken by the managements of its units to prevent certain violations.

By the decision of the Executive Committee of the Central Council of the National Agroindustrial Union and measures taken on 18 August the managements of economic organisations and units within the National Agroindustrial Union were charged within the period prior to 15 September 1980 to look into the state of technological, labor, contractual and financial discipline and take concrete measures for strict observance thereof. A recommendation was also given to the Control Council of the National Agroindustrial Union to make independent checks in economic organizations and units on the measures taken and to inform the Executive Committee of the results.

The Control Council checked the state of technological, labor, contractual and financial discipline in the OAPS [okrug agroindustrial unions] at Burgas, Vidin, Veliko Turnovo, Varna, Stara Zagora and Turgovishte, the Bulgarian Tobacco TPO [Trade and Industrial Trust], the Bulgarian Sugar Industrial-Agrarian Trust, the Bulgarian Fruit State Economic Trust, the Wine

Industry State Economic Trust, the Dairy Industry State Economic Trust, the Rhodope State Economic Trust, the Cattle and Sheep-raising NPO [Scientific Production Trust] and the Poultry-farming NPO and analyzed certain data of the accounting, statistical and operational reports for the National Agroindustrial Union system.

The checks and analysis of discipline in all its different forms show that the violations of technological discipline boil down mainly to nonperformance of certain important agrotechnical and zootechnical measures for the raising of crops and livestock as envisaged in current technological and engineering plans. Thus, for example, the corn for grain, soybeans, sunflowers and other crops were not earthed up for the first and second time on all croplands or at the specified time. The requirements set for the quality of soil tillage were lessened. Irrigated croplands were not used efficiently. Timely and high-standard plant protection and weed control were not carried out.

Engineering projects for corn for grain and for certain other basic crops were not backed up with the necessary fertilizers, herbicides, high-efficiency machinery, spare parts etc.

This (in addition to adverse climatic conditions) contributed to the nonachievement of the targeted 1980 yields and output of corn for grain, sunflowers, soybeans, sugar beets, common beans and other crops.

Now when the foundations for next year's grain production are being laid, in some okrugs (Turgovishte, Mikhaylovgrad, Lovets etc.) there have been occurrences of planting with substandard and inadequately treated seeds, inadequate fertilization and other violations of the technology for the raising of wheat, barley and other fall crops.

There are also violations of pork production technology, for which reason a lower average daily gain was obtained, the finishing period was lengthened, and overconsumption of concentrated feed and high swine mortality were permitted.

Due to violations of technological discipline during the first eight months of 1980 substandard output was produced, and some of it rejected, at the Rhodope State Economic Trust, the Poultry-farming NPO, the Bulgarian Fruit State Economic Trust, the Fishing Resources State Economic Trust etc.

Technological control is also inadequate at the Wine Production State Economic Trust in the preparation of output for export, for which reason claims have been filed over tons of wine for Japan and Poland.

Many problems still remain unsolved in respect of the quality, bagging, packaging and artistic design of some products of the food, wine and tobacco industries.

The nonobservance of labor discipline is alarming. The checkup and analysis established that the participation of workers in agricultural activities is erratic. In the second quarter of 1980 alone, 43,102 fewer workers than planned were working and 11,910,817 fewer man-days than planned were worked. The average monthly time worked by workers permanently participating in production was 10-15 man-days at some agroindustrial complexes instead of the 25 man-days targeted in the plan. Optimal use was not made of working time in plant-growing due to late arrival at work and early leaving of the sites.

The labor of office and manual worker brigades is not utilized with adequate efficiency. Thus, at the Turgovishte agroindustrial complex 494 office and manual workers from different enterprises and departments picked 9104 kilograms of berries as against the norm of 24,300 kilograms; another 399 office and manual workers picked 29,860 kilograms of red tomatoes as against the norm of 109,850 kilograms. At the Ugurchin agroindustrial complex brigade members worked 20,062 man-days, fulfilling 10,318 labor norms (54 percent fulfillment), while at the agroindustrial complex in the village of Dermantsi brigade members worked 4575 man-days, fulfilling 1923 labor norms (42 percent fulfillment). Similar cases were found in other agroindustrial complexes and okrugs. In other words, the time worked hardly covered transportation costs for the brigade members.

Analysis showed that in the food, wine and tobacco industries during the same period 117,051 man-days were not worked due to absences approved by management and due to absences without leave, while 238,000 man-days (reduced to 8-hour working days) of overtime and 109,000 man-days of idle time and unnormed work due to lack of raw materials were worked and paid for. Thus at the Bulgarian Tobacco TPO 25,918 man-days were not worked, but 47,545 man-days of overtime were paid for; at the Rhodope State Economic Trust 17,469 man-days were not worked, but 24,445 man-days of overtime were paid for; at the Bulgarian Fruit State Economic Trust the figures are respectively 17,575 and 20,812 man-days, at the Dairy Industry State Economic Trust 6341 and 29,630 man-days respectively, etc.

A number of violations of contractual discipline were found, too. Contracts are still not being made at the same time that counterplans and engineering projects are worked out. Contracts are made very late and for amounts less than the authorized control figures, as was the case with tomatoes and grapes in Pleven and Sliven okrugs in 1980, ready-to-serve frozen foods in the unit of the Bulgarian Fruit State Economic Trust in Ruse etc., while the plan for the sale of 35 million liters of beer of the Bulgarian Beer State Economic Trust in 1980 was not covered by contracts despite the serious warnings given during the year by the leadership of the National Agroindustrial Union.

Contracting under the 1981 plan lags behind, too. Out of the envisaged 17,465 contracts involving 6,337,049,000 leva, by 31 August 1980 only 4864 contracts involving 1,645,571,000 leva had been entered into. The measures that have been taken in this matter do not suffice.

Contracts are still not being used as an economic lever in the activity of economic organizations and their units. The practice of "forgiveness" in the event of nonperformance has not been halted. In this regard there are violations by even some bodies such as the Okrug Agroindustrial Union in Yambol (it made the unlawful decision to exculpate the livestock purveyors who failed to perform their contractual obligations this year), the Okrug Agroindustrial Union in Pleven (it instructed a unit of the Dairy Industry State Economic Trust not to pay penalties for the nonperformance of a contract by farms to supply raw milk), the ONS [okrug people's council] in Sliven (it instructed a unit of the Dairy Industry State Economic Trust to hold back on the payment of penalties by a trade organization for unperformed contractual obligations to sell finished output) etc.

The managements of agroindustrial complexes do not seek a penalty from other economic organizations inside and out of the National Agroindustrial Union for nonperformance of contractual obligations plus damages, for nonfulfillment of plan etc. The agroindustrial complexes in Mikhaylovgrad Okrug during the first half collected only 7000 leva in penalties but paid out 584,000 leva; the agroindustrial complexes in Razgrad Okrug collected 15,000 leva but paid out 180,000 leva; the agroindustrial complexes in Vratsa Okrug collected 7000 leva but paid out 322,000 leva etc.

Despite the measures taken by governing body of the National Agroindustrial Union, of the economic organizations and units, of the control agencies of the National Agroindustrial Union control system and agencies of the Ministry of Finance there are still serious violations of financial discipline.

Normative working capital as of 30 September was overstated due mainly to unfinished production. For unsold assets in the form of physical commodities as of 15 September agroindustrial complexes in Vidin, Burgas, Turgovishte, Vratsa and other okrugs were in default and were unwarrantably paying interest and fines. Working capital was 4,369,000 leva in excess of the normative. Overdue loans increased by 55,522,000 leva, the total amount thereof being 135,244,000 leva. As of 30 September 1980, working capital in the amount of 16,468,000 leva had been diverted into investment, including 12,990,000 leva for agroindustrial complexes, which it will be hard to pay back at the end of the year and which will be a burden on the resources for the formation of a results-based Wage Fund.

During the nine-month period of 1980, 86,771,000 leva less than the targeted installments for farmed land, and 38,905,000 leva less than the targeted installments from the revenue of agricultural organizations was paid in, which is an obstacle to meeting the expenditures they envisaged within the National Agroindustrial Union.

Out of the 638 financial audits conducted during the first nine months, culpably caused losses amounting to 61,049,000 leva were discovered; at 449 agricultural facilities culpably caused losses amounting to

44,151,000 leva were discovered; at 131 industrial facilities, 33,383,000 leva; at 14 commercial facilities, 982,000 leva; and at 15 construction projects, 2,354,000 leva. The losses were greatest in the agroindustrial complexes--33,315,000 leva (the Dairy Industry State Economic Trust, 3,927,000 leva; the Rhodope State Economic Trust, 3,770,000 leva; the Agrokomplekt [Agricultural Equipment] ISI [Engineering Construction Institute], 1,850,000 leva etc.). The losses were due mainly to overexpenditure of materials, fuel, energy, seed and feed, to partially and completely spoiled output, illegally paid remuneration for labor and bonuses, penalties, interest and other property sanctions for unfulfilled contracts and overdue loans, above-normative working capital and diversion of the same, and direct encroachments upon socialist property.

From the analysis of the report data on plan fulfillment by the economic organizations within the National Agroindustrial Union, alarming facts were discovered regarding the first nine months of 1980 and the implementation of internal profit and loss accounting.

A number of managements of the economic organizations still are not observing the instructions of the Central Council of the National Agroindustrial Union regarding "The Organization of Internal Profit and Loss Accounting." In these organizations the normative production-cost Wage Fund, flow charts, norms and piecework rates have not been brought into line with the results-based Wage Fund. This group of economic organizations used up the anticipated annual Wage Fund before the end of the nine-month period. Nonfulfillment of the nine-month plan is excused in these organizations by the so-called failure of the plan to "dovetail;" manifestations of idleness and the lack of a good steward's elementary concern are tolerated; violations of discipline in all its different forms are tolerated; overexpenditures of materials, labor and funds are tolerated.

Not only planning agencies and financial and accounting personnel, but also control agencies at all levels must realize their part in the alarming financial condition of many economic organizations within the National Agroindustrial Union. They and they alone can and must take effective measures to cut short violations of and deviations from fixed standards, to properly implement internal profit and loss accounting and to ensure the necessary results-based Wage Fund.

Action to determine disciplinary liability was taken against 16,219 managers, specialists and workers for violations of technological, labor, contractual and financial discipline they committed during the first nine months of 1980; action to determine liability for property in the amount of 1,062,000 leva was taken against 18,782 officials, and action to determine criminal liability in the amount of 732,000 leva against 612 officials.

By decision of 20 October 1980 the executive committee punished the general directors of several trusts and the chairmen of okrug agroindustrial

unions who did not, within the specific time, look into the status of discipline. It again obliged all managers to take resolute measures for the sharp improvement of discipline in the units under their direction. It charged the Labor and Social Development Directorate with analyzing the results of brigade labor in helping agriculture and the food industry in 1980 and with suggesting measures for more effective use thereof in 1981. It obliged the legal section and court of arbitration to redirect their activity and to inform the Executive Committee of the Central Council of the National Agroindustrial Union every quarter about the state of contractual discipline; it obliged all governing bodies of sectors in the National Agroindustrial Union to include specific measures for the implementation of discipline in all their units during the adoption of the 1981 plan.

In conclusion, we must say that what has been achieved by managements and control agencies of economic organizations in the National Agroindustrial Union in respect of technological, labor, contractual and financial discipline and the implementation of internal profit and loss accounting is not satisfactory. It is not in keeping with fixed standards or capabilities, and the desired and possible final economic result has not been achieved. Ultimately, all the violations adversely affected fulfillment of the plan and provision of the results-based Wage Fund.

The analysis of the checkup shows that despite the measures that have been taken and the punishments that have been imposed the weaknesses and violations in the observance of technological, labor, contractual and financial discipline continue and arouse alarm. This makes it imperative that managements at all levels of administration and control take effective measures for a sharp improvement of discipline and for a worthy marking of our 12th Party Congress.

6474
CSO: 2200

## POMPOSITY, OBFUSCATION IN REPORT WRITING DERIDED

Prague HOSPODARSKE NOVINY in Czech 3 Oct 80 p 16

[Article by Josef Mervart: "Instructions for Writing and Reading Reports on Task Fulfillment": passages enclosed in slantlines printed in boldface]

[Text] The last year of the 5-year plan is usually decisive for final evaluation of the fulfillment of tasks in various areas of research, development and economy. We must pay particular attention to the compilation of reports about the fulfillment of these tasks augmenting their value by the use of routine expressions which generally have a very specific and deeper meaning. To ease the work of the compilers and readers of these reports, we made a list of some of these expressions indicating their true and full meaning.

/The methodological side of the matter is somewhat more complicated and in the interest of clarity is not being expounded on in this text/--the author did not understand the report at all.

/First we will explain the theory of problem solving/--it contains everything that the author had opportunity to copy from a basic textbook on the eve of the report due date.

/It is generally known/--our deputy director said that.

/It is commonly valid/--it is applicable in about 20 percent of cases.

/We have achieved these results by a direct method/--that is, by doing subtraction and addition.

/From the 20 experimental castings we have selected 3 examples for further processing/--the other 17 were completely unusable.

/Newly developed equipment:/

--/Has shown to be very resistant under operational conditions/--we dropped it and only part of it broke

--/Is automated/--it has a switch

--/Is semiportable/--it has a handle

--/Is transportable/--it has two handles.

/Some of the typical results stated in the report/--contradictory results were eliminated.

/The agreement of theoretical basis with the actual results of the experiment/:

--/Is irrefutable/--nobody checked on it

--/Can be proven only through complicated procedures/--there was no applicable theoretical solution

--/Is satisfactory/--the theoretical basis had to be changed during the process.

/Detailed reports will be published later/--even the authors agree that the reports are unpublishable.

/There is a complete agreement on the usefulness of the proposed solution/--both authors agree on it.

/The proposed solution could give rise to only one objection/--e.g. the only one which the author can answer.

/Latest results prove the future potential of the process used/--it will not show any results for a long time to come.

/Indisputable usefulness arising from the application/--nobody expressed interest in its use.

/Data provided by Engr Zika and Engr Mika made a partial contribution to the solution of the problem/--Zika made the necessary investigations and wrote chapters 1 and 2, Mika made all the necessary calculations and wrote the remaining chapters 3 and 4, the author of the report assigned a report number, prepared the table of contents and the award recommendations.

CSO: 2400

## EAST-WEST ECONOMIC COOPERATION IN THIRD MARKETS DISCUSSED

Budapest FIGYELO in Hungarian No 45, 5 Nov 80 pp 1-2

[Article by Istvan Garamvolgyi: "East-West Cooperation. Extending to Third Markets"]

[Text] News item: Nikex and the Danish firm Schanwater jointly won a public tender in Iraq in the beginning of July. The tender was held to build a waste water treatment plan for a city of 100,000 inhabitants. The value of the project is 45 million dollars of which the Hungarian share is 37 million.

Such news and facts occur rather infrequently in accounts describing the latest foreign market activities of Hungarian enterprises. The role of third market cooperation in East-West trade is as yet quite modest: in fact, it is not possible to estimate it precisely. For example, we know that the number of East-West cooperative projects increased during the past decade from 400 to several thousand and some of these also envisage cooperation in third markets. The European Economic Commission and UNCTAD publish regular surveys and studies dealing with the situation of East-West cooperation and third market cooperation. Reports on the latter subject deal mainly with the obstacles causing the slow expansion of this form of cooperation. In this connection, some useful work was performed recently at the third international symposium on third market cooperation held in the Hungarian capital under the auspices of the Vienna-based Donaueuropaisches Institut which has supported the cause of East-West trade for decades.

### 'Full' Signs

What are the reasons behind the interest and attention toward this topic shown by various international economic organizations and, let us add, individual states and governments? Third market cooperation is not a new form of international trade: capitalist firms, including the largest ones, have been regularly cooperating in third markets for decades. This is so mainly because the requirements and needs of the customer, especially in the case of large projects, does not always match the ability of the firm interested in the business to deliver; thus, they are forced to call in a subcontracting firm. Quite frequently, an attempt to share risks and, not least, financial problems associated with big-ticket deliveries are behind cooperation in third markets. Both ad hoc and long range cooperation in third markets are well-tried and

accepted methods in world trade. (Let us mention an example with a Hungarian angle: six West European firms, each quite important in its own right (Siemens, AEG, Brown Boveri, Alsthom, Schneider-Westinghouse and ACEC), formed an ad hoc association to design and produce prototypes for a silicon semiconductor electric locomotive made by the Ganz Electric Works and redesigned since then.)

In a wider sense, this interest and attention is based on the desire of socialist countries to use more widely and frequently a form of cooperation created by the objective facts and phenomena of the world economy and world trade. If they were not working toward this goal, they would be depriving themselves, knowingly or not, of possibilities of foreign market sales which lie within their engineering and technological capabilities.

The need and demand for cooperation in third markets is especially timely in East-West trade. East-West cooperation between socialist and capitalist firms developed at a rapid rate at the end of the preceding decade and the beginning of the 1970's, but it slowed down around the middle years of the 1970's. Its role in East-West trade and bilateral trade between socialist and capitalist countries is still quite low. (The percentage of cooperative projects within the non-ruble trade of Hungary is 6 percent while in ruble trade it is 28 percent.)

The 'Full' sign has been posted, symbolically speaking, in the markets of a number of advanced industrial countries during the recession. Willingness to engage in bilateral production cooperation has undoubtedly declined. Socialist countries are proposing third market cooperation not as an either/or option but as a both/and alternative. This means strengthening of third market cooperation while bilateral production cooperation is preserved and developed. The reason behind this slogan, wish or proposal, or whatever we call it, is rooted in realities. Third market cooperation (in the markets of another capitalist or developing country) may reduce the tensions arising in bilateral trade while helping trade development.

The First Attempts

Hungary is considered as one of the countries that can boast of relatively good results in one of the areas of third market cooperation: trilateral cooperation. This has been noted at the Budapest symposium of the Donaueuropaisches Institut. This evaluation is open to debate but the past cooperation of between Hungarian and capitalist enterprises in third markets is suitable for highlighting this topic in more concrete terms.

The first attempts toward cooperation in third markets have preceded production cooperation in our country. Komplex and the Ganz Electric Works cooperated with the Austrian firm of Simmering-Graz-Pauker at the end of the 1950's and the beginning of the 1960's to sell power station equipment in third markets (India). The cooperation between Hungarian and capitalist firms to ship power station equipment to third markets has continued. We will quote from the aftermath those events that constitute a case study of the emergence of third market cooperation.

The order to supply gas turbine units to the Kelenfold steam power plant was awarded to Fiat Grandi Motori in cooperation with the Ganz Electric Works. This one-time cooperative project was developed by Transelectro into third market cooperation between the two firms lasting over a number of years. The number of gas turbine and diesel-fired power plant units delivered between 1971 and 1976 was 19 in Turkey, 6 in Finland, 2 in Dubai, 3 in Libya and 17 in Greece. Generators supplied by Ganz Electric Works represented 20 percent of joint deliveries, i.e., more than 10 million dollars. The cooperation among Transelectro, Ganz Electric Works and Fiat Grandi Motori reflects one of the typical features of third market cooperation, namely that getting to know one another through bilateral cooperation is one of the essential preconditions for third market cooperation. This also means that third market cooperation may correctly be called a more advanced form of cooperation. (It encompasses not only the production phase but also the preparation of proposals, joint marketing, joint venture, assumption of risks, financing, etc.)

Third market cooperation is interpreted differently in socialist and capitalist countries: capitalist firms in general consider joint tendering and joint venture as the only forms of third market cooperation. International economic organizations recognize many more types of cooperation in third markets, all of them justified. The experience of third market cooperation between Hungarian and capitalist firms also points to a wider range of forms.

The simplest and most frequent form is the purchase of marketing rights in third markets for cooperation or licence products. In the past we paid little attention to this but now we are increasingly taking care to ensure that production cooperation and licence agreements allow for sales in third markets. (And not just in CEMA countries.) For example, the Budapest Leather Industry Enterprise is producing upholstery materials based on know-how purchased from the West German firm Lingens and exporting them to third markets in advanced capitalist countries. The Telecommunications Materials Factory purchased ferrite production equipment and know-how from Krupp which has stopped ferrite production. The Hungarian enterprise is allowed to export to West Germany and third markets.

Subcontracting and Joint Proposals

A common form of market cooperation is the participation of capitalist firms as suppliers in the export of complete plant equipment. This does not simply mean that Hungarian foreign trade enterprises purchase and deliver missing special machinery: they are already included in the proposal in cooperation with the capitalist firms. There are hardly any exports of complete plant equipment that do not involve such cooperation.

The reverse also occurs: capitalist firms may use Hungarian supplies or services (e.g., assembly work) in their exports to third markets. There is no denying that the examples of such types of third market cooperation are few and far between. Third market cooperation is usually suggested by Hungarian enterprises (this, in itself, presents no problem) and there are not many cases when capitalist firms suggest third market cooperation to them. There are few Hungarian enterprises with enough goodwill to make them desirable business partners. (The industrial background of Transelektro seems to be one: recently, a Dutch firm asked it to take part in the export of power plant equipment to Turkey.)

Joint tendering as a form of third market cooperation is not unknown in Hungarian experience. Hungarian foreign trade and productive enterprises involved in the export of complete and big-ticket plant equipment (Komplex, Transelektro, Ganz-MAVAG) are participating in public tenders with proposals formulated jointly with cooperating capitalist firms. To mention some recent examples: Chemolimpex and the Energy Management Institute are cooperating with a Dutch enterprise to sell desalination equipment in third markets and participate jointly in public tenders in Iraq and Algeria, while Chemolimpex, the Hungarian Aluminum Industry Trust and the French Kestner-Creusot-Loire are presenting a joint proposal for an alumina factory project in Jamaica.

The third market may be an advanced capitalist or a developing country. In practice, the third market is mostly a developing country. (In part because the need for complete plant equipment, turn-key factory or extensive infrastructural development project requiring cooperation among several cuppliers most often arises in developing countries. Furthermore, capitalist firms are more willing to cooperate with enterprises of socialist countries in developing countries than in markets that are already saturated.)

Trilateral Cooperation

For a number of reasons, developing countries consider cooperation between capitalist and socialist enterprises in their markets in a positive light. They think it is in line with their non-alignment policy. Socialist countries in general are willing to accept payment in kind; therefore, their participation improves the chances of development of large scale projects on a compensation basis. Nevertheless, developing countries do have some concrete expectations. They expect third market cooperation to be trilateral in one form or another. Since the majority of developing countries are not yet prepared to become suppliers or subcontractors, in most cases they merely require the employment of abundant local manpower in construction work. There also exist some full-fledged trilateral cooperative projects where the three partners are involved in joint production and marketing. With respect to Hungary, one might mention the bus assembly plant in Iraq where Ikarus bodies are assembled using Swedish Scania and French Saviem chassis. A similar kind of trilateral cooperative venture is envisaged in the Malagasy Republic where the Ikarus factory delivered 150 body kits so far in cooperation with the French Saviem; this was followed by the design of a midsize bus with Berliet engine and chasis based on a requirement of 900 buses. If the Hungarian and French companies can get the order then the assembly plant to be set up will turn this third market cooperative project into a trilateral arrangement. Hungarian enterprises are also participating in trilateral cooperative projects in other fields. (According to data compiled by EGB [European Economic Commission] and UNCTAD, 25 percent of the trilateral cooperative projects established in the course of third market cooperation in East-West trade involve Hungarian enterprises.)

The examples used to illustrate the various forms of cooperation in third markets provide only an indirect indication of the mutual advantages of this type of East-West cooperation: it provides marketing opportunities when the chances of either partner acting on its own would be less good. (In third market cooperation Hungarian enterprises are not only able to utilize the more

thorough market knowledge and better business relationships of their capitalist partners (often due to historical reasons); smaller capitalist companies are eager to participate in supplying our larger orders in developing countries. This also applies to other countries besides those that have less regular or developed economic and trade relations with their country than with Hungary.)

Intergovernmental Agreements

The principal and practical importance of third market cooperation between socialist and capitalist firms no longer lacks recognition on the intergovernmental level. The long range intergovernmental agreements between socialist and advanced capitalist countries include among their goals the development of cooperation in third markets. We also know, mainly from Hungarian experience, that joint committees are dealing with this problem every year. (In the Hungarian-Italian joint committee, a subcommittee has been established to investigate and initiate cooperation in third markets.)

Thus, the willingness for market cooperation is there on the intergovernmental, administrative and trade policy level. Yet, there are a number of obstacles slowing progress over a wider range of issues. On our side it is obvious that there are too few (and always the same few) enterprises able to take part effectively in third market cooperation. This indicates inadequate competitiveness and preparedness on the part of Hungarian enterprises in this regard.

To avoid all misunderstanding: it is not engineering or construction ability that is lacking. Let us note that the same kind of thing happened 10 to 15 years ago in the initial period of production and engineering cooperation. Enterprises, even the large ones, were slow or reluctant to enter into production cooperation with capitalist firms. The main reason was that this form of the international division of labor and international marketing is much more labor intensive in the preparatory and execution phase than plain exports. Most forms of third market cooperation are more complex and labor intensive than production cooperation. Concrete, not general, knowledge of the international field is needed. Business and possibly engineering and production relationships need to be developed with potential partners. Willingness to participate in third market cooperation must be explored. Proposals for joint participation in public tenders must be presented. It is even better when they are offering participation in business that has already been secured, etc. From the standpoint of foreign trade performance, third market cooperation is regarded as a form of export, but it is also a venture: an internationalventure which requires special aptitude and knowledge in the legal area.

The essence of the task arising from the foregoing discussion is that third market cooperation with capitalist firms must be incorporated into our foreign trade policy and, more importantly, practice, just as production and technical cooperation with capitalist firms on a bilateral basis has been incorporated earlier. This process may be accelerated on the level of economic direction. (It is already clear which third markets are most suitable for us and which sectors--product and development areas--are most promising for third market cooperation.)

## Problems of Financing

The fundamental problem and limiting factor in third market cooperation with capitalist firms is that of financing. High priced plant equipment demands credit in every case. A substantial number of developing countries are using funds provided by bilateral credit and aid agreements fo finance development projects in progress. From the standpoint of third market cooperation with capitalist firms, such credits and aid funds can hardly be taken into consideration at all, because they increasingly exclude shipments from socialist countries or set a ceiling of 10 to 20 percent participation. The situation is similar when financing is obtained from private banks in Western Europe. Methods of financing by consortium can only cover their credit requirements associated with our own deliveries, in the best of cases. The Budapest international symposium also discussed the financing problems associated with third market cooperation. One proposal suggested the unification of credits and aid provided by various countries in a super-regional finance institution.

It would be difficult to assert that the present situation of and future outlook for third market cooperation with capitalist firms is promising or satisfactory. Even under such conditions, however, our goal must be to develop and expand such cooperation. There are many substantial reasons for this. Third market cooperation is an accepted and widely used method and form of international trade. A certain portion of our export potential (complete plant equipment and various systems incorporating engineering and intellectual creativity) cannot be marketed in any other way. It could also lead to a slight relaxation in the bilateral character of our foreign trade relations as a whole and the emergence of a rudimentary form of a multilaterality which characterizes the bulk of world trade. And there is one more practical argument: cooperation with capitalist firms in third markets increases export receipts in convertible currency.

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## PREREQUISITES FOR OPTIMAL INDUSTRIAL DEVELOPMENT DISCUSSED

AU181425 Budapest NEPSZABADSAG in Hungarian 8 Oct 80 p 10

[Article in economic column by Dr Mrs Laszlo Tuu, head of a department of the Central Statistics Office: "Large Enterprise, Small Enterprise: On Industry's Organizational Composition"]

[Text] The transition to intensive economic management and the requirement to improve the equilibrium of foreign trade and intensify efficiency, make it particularly timely to analyze the function of enterprise organizations and the system of their relations. Taking the experiences of the changes in the organizational structure to date and the conclusions that can be drawn from international practice, we are seeking an answer to the question of what composition and proportional size of productive organizations can create optimal development in various industrial areas.

### Centralization Measures

Developing a modern domestic large-scale industry that is competitive even with that of the industrially more advanced countries has been a fundamental industrial-political goal of over 3 decades of our planned economy. Following the nationalization of industry, liquidating a broad array of fragmentary plants operating with low productivity was a most essential initial step toward this. Regrouping their machinery and productive equipment fostered a more rapid development of the more viable economic units. Also, the division of enterprises that used to produce a variety of goods into more homogeneous economic units, was a characteristic feature of the organizational modifications implemented at the beginning of the fifties.

In the first half of the sixties, the industrial enterprise organization was considerably modified in order to create, relatively rapidly, organizational prerequisites for large-scale production. As a consequence of amalgamations carried out in several phases, the number of state industrial enterprises decreased by approximately 40 percent. (In 1960 still 1,368, while in 1965 a total of 840 industrial enterprises operated as independent economic units.) A process of amalgamation of a similar dimension took place in cooperative industry as well, where the number of industrial cooperatives decreased from 1,251 in 1960 to 811 by the end of 1965.

Centralization measures were based on the--theoretically well-founded--notion that organizations possessing a larger intellectual and material base have a better

overview of the development tasks of the given industrial activity; with the knowledge of technical problems on a more extensive scale, can more clearly perceive the requirements of technical development; and in possession of more concentrated means, can more efficiently also resolve the research-development tasks connected with them. As masters of a given production sector, they can more accurately assess producer and consumer requirements and, in satisfying them, can act as equal agents vis-a-vis both foreign customers and domestic--also centralized--trade partners. In addition, the relatively small number of units pursuing economic activity also made direction easier based on direct instructions concerning the plan.

Experiences Abroad

As a result of the centralization that affected all industrial areas, our industrial organization acquired a characteristic composition that deviated from the internationally universal one. In quite a few branches, the entire activity of the branch was concentrated at one enterprise. In the overwhelming majority of branches, the number of enterprises decreased in such a way that the stratum of small and medium enterprises was greatly reduced or, in some cases, completely ceased to exist. Thus, in 1965, hardly 10 percent of state industry workers were employed at industrial enterprises with personnel of under 500 employees, and almost 35 percent of them belonged to the complement of enterprises employing more than 5,000 people. (By way of an informative comparison: at the same time, almost one-quarter of the Soviet Union's industrial workers, and more than 40 percent in the GDR worked at small and medium enterprises where the number of workers was under 500. The rate of enterprises with a staff exceeding 5,000 people was below 30 percent even in the Soviet Union, while it barely exceeded 10 percent of the overall complement in the GDR.)

The organizational composition of the capitalist countries' industry also differs considerably from the proportions that have developed in our country. Comparison results show that not even in countries with an advanced industry does one come across a withering away of the small and medium enterprises strata. In their entirety, these constitute a considerable portion of the industrial organizations of the reviewed countries. It is obvious that the sphere of small capitalist enterprises and their area of activity are more variable than the average, because, owing to being less endowed with capital, they are less able to fend off individually the effects of a recession. However, their relatively stable proportion within industry indicates that their activity is required by economic life and those that are discontinued are continuously replaced by new small enterprises.

Enterprises With Many Separate Plants

In the years immediately following the 1968 reform of the system of economic direction, the decrease in the number of state industrial enterprises did not continue in our country, and the area of cooperative industry even expanded (mainly the number of joint industrial ventures established by agricultural organizations increased). Then the process of organizational changes in the industry picked up in the seventies. The new reorganizations were based overwhelmingly on enterprise initiative: for the main part, large-scale enterprises absorbed into their own organization smaller enterprises (most of which used to be directed by councils) with which they had cooperative relations before. In 1979, as a

result of these changes, 702 enterprises belonged to state industry and 670 organizations pursuing economic activity operated in the cooperative industry. Approximately 230 of the above state enterprises conducted their economic activity under trust direction.

Many of our large-scale industrial enterprises conform well to the requirements imposed on their operation. They have successfully accomplished the preferential development programs serving the transformation of the production structure. They actively participate in cooperation with regard to specialization and joint ventures among the CEMA countries and, through their direct linkage with foreign trade activity, they can react more rapidly to foreign market requirements and are thus--as a result of intensifying their exports and conserving imported materials--effectively contributing to improving foreign trade accounts.

However, in another respect, negative economic effects also arise from the present structural composition of our industry. These manifest themselves mainly in diminished possibilities for cooperation, the supply of products and joint ventures among productive enterprises; the undeveloped nature of back-up industry engaged in specialized activity; and an increase in the number of components and consumer goods that are in short supply temporarily or constantly.

In my opinion, a large portion of these problems can be traced back to the fact that the process of centralization has extended also to areas where adapting to demand by users or consumers and ensuring a broad structure of supply in a flexible manner justify the existence of small and medium enterprise organizational forms. As a result of the fact that new large-scale industrial organizations came about, in general, through absorption of small enterprises, the "many-plant" enterprise form has become predominant in our industry. (In 1979, taking state industry as a whole, there were on the average seven industrial plants per enterprise. Regional dismemberment has increased most in the machine industry, where, as compared with 1960, the number of industrial plants per enterprise has more than trebled and their present rate is higher than the industrial average.) The direction of a large number of productive units, which are sometimes regionally fairly far from each other, inevitably slow down enterprise reaction and diminish local initiative ability as well.

What Changes Are Required?

Consistent with worldwide industrial development, the large-scale enterprise pattern must constitute the basis of our economic development also in the future. However, to complement the activity of large-scale enterprises, greater scope than at present should be extended to small and medium enterprises capable of fairly flexible economic activity.

It is useful to retain the large-scale enterprise organizational form or regard it as a goal of development primarily in areas and with regard to economic activities where:

--Great fixed asset intensiveness characterizes production,

--Profitability of production is subject to a large volume, and

--There is a rapid technical development on a world scale, as a result of which a great concentration of research and development resources are required.

On the basis of these criteria, obviously the large-scale enterprise form can be continued to be considered in the case of exploiting (mining) and raw material producing activities. In these areas, the need for considerable investments makes the utilization of the advantages of centralized enterprise direction on the one hand, and a more coordinated surveyance and satisfaction of the requirements of customers on the other hand, indispensable as well as possible by virture of production processes that change only to a small extent in the long term and a relatively stable product structure.

However, what can be regarded as desirable in the processing industrial branches is that various forms of enterprise organizations, large-scale as well as small and medium enterprises, pursue their activity in cooperation, and at the same time in a sound competitive spirit. Here also, satisfying mass requirements (production in large series) has to fall to the competence of large-scale enterprises in general. However, smaller organizations able to undertake economically a more flexible changing of the range of products and production in small series, will have to be assigned a greater role in areas that require prompt adaption to special demands and consumer requirements (for instance, fashion).

The economic self-sufficiency of units of enterprises with many plants that are operating without suitable efficiency, units separated regionally and also with regard to their sphere of activity, is only one means for strengthening the small and medium enterprise stratum. In addition--as was noted also at the latest session of the National Assembly--the government intends to encourage the proliferation of organizational forms that will provide the means for establishing new industrial productive units, primarily within the framework of cooperative associations. Overcoming problems of financing connected with this and creating more flexible conditions for accepting work could thus considerably ease the task of making good the present production shortages and the development of a more proportional organizational composition of industry enterprises.

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## CHANGES IN AGRICULTURAL FINANCING: ECONOMY, EFFICIENCY STRESSED

Budapest FIGYELO in Hungarian 5 Nov 80 p 13

[Article by Rezso Kostyal: "Revenue and Incentive"]

[Text] In the nearly 1 year period since the operation of the price and financial regulators which were established in 1980, determined efforts have been made on the large farms to use less energy-intensive technologies and modify the production structure in a way aimed at countering the factoring-in costs. Manpower and wage management experiences have also been favorable. In the elapsed time, however, it has not as yet been possible to filter out the experiences which basically characterize the entire operation of the regulatory system since the large farms have not as yet prepared their midyear balance reports, and data characteristic for the whole year are not yet available.

### Instead of Special Supports

On the basis of all these things, we needed only minor corrections and changes, as justified by experience thus far, in establishing revenue regulations for 1981, excepting supports for construction investments. In respect primarily to its system of measures, the latter cannot fit into the estimates for the Sixth Five-Year Plan, and its operational system cannot be maintained under the altered conditions.

In the first half of the Fifth Five-Year Plan period the support system for agricultural investments appropriately helped in the coordination of farm and national economic goals. But as early as 1976-1978 they exceeded the plan investment targets of the large farms by about 15 percent, and the structure of construction investments gradually shifted toward those goals which specifically shared in higher supports. At the end of 1978 this process made it necessary to limit the publication of investment support documents. Bu this time, however, the stock of investments underway had significantly increased, and their investment requirements, together with the newly started investments, exceeded the sum targeted in the plan. Despite the partially limiting measures still in effect in 1980 about half as many again of planned supports will be negotiated this year. Thus as of June of this year it was not possible to grant further supports. Expressly, cost-saving quarters for pigs, milking cows and sheep could be built by means of supports only within definitely limited sums, and these too only on the basis of competitions announced under special conditions.

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In harmony with the changes in certain elements of the price and regulatory system, the modifications which were put into effect this year significantly reduced the variations in the supports extended to construction and new planting investments. The intent was that the development activities of the large farms should be influenced not by special supports but primarily by efficiency, more rapid clearing costs, and in general operational advantages in harmony with the interests of the economy. This goal was served by the order according to which a broad-scale basic support was realized for investments, and the large farms were able to ask for special supports to attain economically important production goals.

In harmony with our possibilities, the financing system can promote the realization of our goals if there is an increase in the ratio of the more selective and flexible credits instead of supports than can be used automatically. By this means it is possible to avoid the development of investment peaks, and in the knowledge of the conditions of their planned development the farms can decide on the use of the development monies available to them. Beginning in 1981, construction investments in agriculture also will be realized mostly from the farms' own financial sources and from credits. Thus in new construction investments the credit worthiness of the farms, the profitability attainable in planned investments, and generally the cost recovery time will play a greater role.

What the Large Farms Must Make Up

The interest on credits for construction investments is identical with those fixed in the guidelines. Because of the termination of supports for construction investments, the budget extends interest reimbursement for interest costs that are generally increasing on large farms. In harmony with the special development goals of the plan, the interest reimbursement may be of different (varying) degrees on the extended credit but at most on 70 percent of the qualifying investments.

State supports for pig-breeding and dairy facilities will be maintained to a lesser extent than before. This is necessary on one hand for basic material supplies on behalf of pork-processing facilities that have been built or are on the way, and on the other hand because the level of milk and dairy supplies can be maintained only if the large farms make up for the reduction of cow stocks which has taken place on the small farms in a way at variance with our intention, but something that is inevitable with the change in village lifestyle. These supports can be requested

not only for new buildings but also for modernizing existing ones. An essential difference from previous practice, however, is that the farms do not receive the supports in advance but only after the investments have been put into operation. If a large farm receives credits for the above-mentioned investments, the repayments on the credits for investments used afterwards must be proportionally reduced. This order gives incentive to the large farms to reduce the implementation time of the investments, and the unjustifiably large stock of unfinished investments may also be moderated.

The rules for investment support on behalf of new planting areas remain unchanged. This is justified by the fact that the implementation time for new planting areas is long, it is extremely capital intensive, and because there are important national economic interests linked to the continuous modernization of planting areas.

Amortization on Gross Value

In harmony with the modification of the financing system, there is a change in the regulation of depreciation write-off and the use of the development funds. The system of depreciation write-offs for buildings remains unchanged, while for fixed assets created according to the new financing system, excepting pig-breeding and milk production facilities, the amortization must be calculated according to the full cost, that is, on gross value. In the use of the development fund the obligations in effect up to now for producer cooperatives will be terminated; that is, in accordance with the farm decisions the amortization may be used both to replenish the circulating fund and repay credits as is the case with state enterprises.

The effect of the new price formation introduced in 1980 is significantly influencing the price and financial conditions of food production, although in this area competitive price formation has not been realized. In most of the purchasing price changes, the automatic realization of midyear price changes for materials of import and industrial origin used in agriculture does not seem justified given the present economic conditions. The biological factors which determine production in crop raising generally mean a production process of 1 year, and in the most important branches of animal breeding a production process of several years. Therefore, frequent midyear changes in producer prices would influence management disadvantageously and cause uncertainty in incentive relations.

The 1980 producer price increases for the most important materials of industrial origin used in agriculture (fertilizers, herbicides, fodder) and machinery were countered in midyear by budgetary supports. The rise in energy prices, on the other hand, increased farm costs, and gave incentive to energy savings. On most of the farms the significant rise in energy prices could be countered over a year only partly by a rational reduction in consumption, and a midyear modification in the official purchasing prices did not take place; therefore, the large farms can request budgetary subsidies to the end of the year for a greater portion of the cost increase.

The already announced 1981 agricultural producer price increases cover temporarily extended budgetary supports, taking also into account the realistically attainable improvement in efficiency. In connection with the above, the support indexes are changing, generally declining, for machinery, fertilizers and herbicides, and the withheld import and industrial producer price increases for 1980 are already being realized in the agricultural purchase prices.

The farms must prepare themselves for more frequent price changes in this sector than has been the case in the past by adjusting to the above-mentioned agricultural characteristics. Obviously, the cause is the fact that the import or industrial producer prices of basic means and materials used in industry are following the constant price changes on the world market, and it is justifiable to realize these changes on the world market, and it is justifiable to realize these changes also in farm costs, naturally in harmony with purchasing price increases. Import and industrial producer prices may change more than once a year, while it is purposeful to change the official producer prices for agriculture only once a year. Depending on the revenue situation in agriculture, it becomes the task of the financial system to assist in the smooth financing of production up to the settling of purchasing prices by moderating the cost of increasing price hikes for basic materials and means with midyear and temporary supports.

The effect of producer price increases varies on farms with different endowments: the price increase for materials and means of industrial origin is countered to a smaller extent by the price receipt increase attainable with lower yields on poorer productive soils than on favorably endowed farms. In view of the fact that in the differentiation process among farms the efficiency differences are determining, we must strive to develop, together with the differentiation effect of central measures, such economic conditions as will make the economic development of this group of farms possible from their own resources. With a greater degree of purchasing price increases in 1980, such measures were undertaken with the land tax, revenue tax, and production tax. The 1981 average purchasing price increase of 5 percent has to a lesser extent justified changes in two areas; on farms where the average cadastral net income of the arable area is between 14 to 19 gold crowns, the land tax payment requirement is eliminated. The exemptions that existed up to now will remain. The subsidy for withholding the production tax--over and above the farms listed as being unfavorably endowed--can be used up to 30 percent for farms with an arable area below 19 gold crowns in value.

Household Farm Assistance

Experience shows that an increase in slaughter beef production is primarily a function of economic export possibilities. Economic analyses clearly establish that this can be attained with well selected, meat enriched types or hybrids, minimal fodder-intensive technologies, and the use of grass areas, economic by-products and rough fodders. In the case of such development, the greatest burdens for the farms are represented by the acquisition and raising of cow stocks, or its circulating fund demand. For this, the large farms receive 20,000 forints per head support in event of a constant increase in the meat cow stocks, independently of quarters expansion. Experience shows that supports for establishing and renewing fields and pastures have not been accompanied by the expected results, and therefore these supports are being gradually eliminated.

The state is continuing financial assistance to household and small-farm production, and in certain branches to increased production as well. To promote mechanization, the scope of small machines that share in supports is being expanded, and farms that have a number of cows receive a 1,000 forint greater support for the second and every additional cow.

The system of earnings regulations for large farms changed significantly on 1 January 1980. The effect of the new rules cannot as yet be comprehensively evaluated, but the available money data show that the fee and wage management on large farms has become more considered. The sum of midyear wage payments rose to a lesser extent than a year ago, and therefore apparently even in case of an increase in year-end premiums and shares, revenues will remain within the planned limits. Thus basic changes are not justified in the system of fee and share taxes, the changes occur with the measuring system.

Farm Incentive

The unfavorable effect of average wage regulation was not solved by the subsidy which in management within a work-fee bill made possible a more than 1 percent rise in the work-fee level. It did not provide enough incentive to the farms to employ the released manpower by the use of more modern technologies or work organization in work areas of similar efficiency, or to cut back personnel. Therefore, the above-mentioned 1 percent subsidy rises to 3 percent in management within the work-fee bill. It is a minor but not insubstantial correction which makes it possible for all profitable large farms to pay at least 1 percent of the work-fee bill, tax free, as a year-end share, if the money cover is available.

In construction-fitting work and in services a problem existed, besides the varying consumption, in that the basis of profit formation and the production tax was different. The change, therefore, is directed at requiring that the production task be paid on material-free price receipts, instead of the price receipts, according to indexes changed by activity. A further modification is represented in the production tax system by the fact that the large farms, with the 1980 rise in specific production prices, will pay the differential producer sales tax in the future as a production tax. Thus this withholding is built into the producer tax system.

The development of industrial activity by the farms and the improvement in industrial cooperation conditions is served by an order which provides that in the future when making use of the production tax withholding subsidy large farm payment of an agglomerate separate tax will not be an excluding cause.

The agricultural regulator changes which will be valid in 1981 take into account the development circumstances of our economic development, and raise requirements particularly in the investment field. As a whole, on the other hand, they promote development of the rational initiatives which by improving the quality indexes of production adjust to the internal and external economic conditions.

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## MAV'S FUTURE UTILIZATION OF DIESEL TRACTION DESCRIBED

Budapest VASUT in Hungarian No 8, Aug 80 p 7

[Article by Istvan Mezei: "The Future of Diesel Traction"]

[Excerpt] The modernization of traction will continue at MAV [Hungarian State Railways] during the coming period, but the development will not be as visible as was characteristic of the 1960's.

The future of diesel traction will be determined by the rate of electrification and the planned elimination of steam traction in 1985.

At the end of the Fifth Five-Year Plan, the length of the electrified rail network will be some 1,500 kilometers, and about half of the transportation performed by MAV will take place over this network.

The length of electrified track in the Sixth Five-Year Plan is about 3,000 kilometers. At the end of this plan period, in 1985, some 20 percent of the network will be electrified, and the share of transportation using electric traction will be about 60 percent.

According to MAV's long-range development plans, by 1990--the end of the Seventh Five-Year Plan--out of the 3,000 kilometers in the main network, about 2,400 kilometers will be electrified, which is between 32 and 34 percent of the present total network.

It is worth noting that according to plans three fourths of total transportation performed will take place over the electrified network.

The tasks of pulling and switching now performed by steam locomotives will be taken over by diesel or electric locomotives. The tasks of diesel traction will be determined by electrification of the lines and cessation of steam traction, but there will be no change in their nature, since diesel traction is presently suitable for performing all the pulling and switching tasks.

The amount of work done by the steam locomotives is less than the increase in work done by the electric locomotives; hence the share of diesel traction in transportation over the main lines will continue to decrease.

With the cessation of steam traction, complete modernization of the switching operation will be completed. In 1979, 13.2 percent of the switching was done by diesel locomotives. According to preliminary plans, 95 percent of the switching will be done by diesel locomotives in 1985 and 90 percent in 1990. The decrease is the result of the fact that under the Seventh Five-Year Plan electrification of the switching locomotives is expected to begin.

According to domestic calculations, the economic life of diesel locomotives is estimated at 25 years. Because of the limited funds available for investment, however, this cannot always be realized. One result of this is that costs for maintenance increase. Presently there are 12 kinds of diesel engines and 4 kinds of motorized cars in operations on the standard gauge lines. According to plans, the M.28-series locomotives will be phased out by 1985 as well as some of the M.31-series locomotives and the AB, ABny, ABb, and Eb motor cars.

During the period of the Sixth Five-Year Plan, only M.41-series diesel locomotives will continue to be acquired. Among diesel locomotives for switching, acquisition of M.43 and M.47 series locomotives will continue; it is expected to be completed by 1985. In addition to performing light and medium switching tasks, these locomotives are also suitable for carrying trucks.

Diesel traction in MAV during the past 5 years has been an important means of modernization. Because of the energy situation and the many other advantages of electric traction, beginning in the middle of the 1980's--the work performed by diesel locomotives will decrease. On the branch lines and in switching service, however, diesel traction will continue to be critically important.

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ROLE OF SELF-MANAGEMENT IN IMPROVING FUNCTIONING OF SOCIOECONOMIC SYSTEMS

Bucharest REVISTA DE FILOZOFIE in Romanian No 4, Jul-Aug 80 pp 395-400

/Article by Haralambie Ene: "Self-Management as a Principle for Increasing the Functionality of the Economic and Social Systems"/

/Text/ In the Romanian Communist Party's view, self-management expresses a basic principle in the management of society, a consequence of the objective tendencies of continual development of worker democracy, in the prospect of turning--as it is pointed out in the RCP program--to "...the achievement of the higher, communist form of the management of society by the masses, to the forging of history by the people, in accordance with their own will."* The whole activity of direct participation by all the working people in the practical management of the economic and social units, in the concrete preparation of the decisions and strategies on development that they must carry out, is based on this principle.

A thorough analysis of its content shows that self-management is not confined to the mere expansion of the participation in management, to the numerical growth of those who take part in the act of decisionmaking within the economic and social units. Its aspects are many and have consequences on very different planes of social practice.

Thus, as a principle of the scientific management of socialist society, self-management is seen, firstly, as a political principle, directly involving the basic values of the new order, the affirmation of the class interests of the working people. From this viewpoint, the application of the concrete forms that give life to the principle of worker self-management has in view:

The growth of the role of the working class in the whole process of management of society and its subsystems;

The strengthening of the role of the Communist Party and its organizations in the management of all aspects of economic and social life;

* "The Program of the Romanian Communist Party for Forging the Multilaterally Developed Socialist Society and Advancing Romania Toward Communism," "Congresul al XI-lea al Partidului Comunist Roman" /The 11th Congress of the Romanian Communist Party/, Bucharest, Politica Publishing House, 1975, p 720.

The continual development of worker democracy, by expanding the collective character of management in all fields of activity;

The fuller and fuller manifestation of the personality of the working people, by directly involving them as participants in the management of social life;

The releasing of all the creative energies of the masses of working people, as a basis for increasing the efficiency of their social activity;

The raising of the degree of responsibility of the working people through their direct participation in making the decisions, which they are called upon to carry out as their own decisions.

All these things demonstrate the primarily political character of self-management, with profound implications for the revolutionary role of the working class and its party, for the personality of the working people as future builders of communism, and for all ideological and educational activity.

At the same time, the analysis of the content of worker self-management and self-administration also makes evident, besides its political, class essence, a factor of an economic nature, which has been the basis for promoting this principle--namely the one referring to the necessity of increasing the level of efficiency of management as such.

By means of its polyvalent character, this principle is also constituted as a factor for optimizing all social activity,* having as well a pronounced functional content, manifest--due to the economic and social mechanism that operationalizes it--on the plane of the activity of all the economic and social units. While its political aspect emphasizes its revolutionary, class character in the development of our society, its economic aspect involves the growth of the functional character of all economic and social activity, lays the foundations for new levels of efficiency, constitutes an important step toward a new quality of labor in all fields. The following relations are involved here:

a) The bringing of the decision nearer to the level of production, by increasing the autonomy of the basic units and widening the powers of decisionmaking on their own problems. Management by petty surveillance is thus avoided and the capacity to give suitable answers to the particular problems with which the unit is confronted is developed, with all the positive consequences that arise on the plane of functionality;

b) The stimulation of one's own effort, which permits the matter of utilizing to a greater extent, in the spirit of efficiency, all the internal reserves, all the technical and human capacities that sometimes remained in a dormant state;

c) The growth of the level of "operationality" of management, of the decision, and of guidance of the activity in itself, the growth of the system's speed of reaction to the stimului exerted by the requirements of the other systems as beneficiaries,

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* See: Aneta Nutu-Busuioc, "Self-Management, a Method of Optimization of Social and Human Activity," REVISTA DE FILOZOFIE, No 5, 1978.

which constitutes the basis for increasing the functionality of the units and eradicating inertial and bureaucratic phenomena;

d) The accenting of the dependence of the managed systems on the requirements of the social needs and not on the hierarchical factors, by reducing the possibilities of making the unit autonomous with respect to the social function that devolves upon it;

e) The institution of full agreement between activities and results, between effort and effects, the latter being much more clearly individualized and put in relation to the achievement of the social function with regard to which efficiency is now measured.

In fact, the principle of worker self-management and self-administration includes both the strictly political, ideological, class aspect and the functional and operational aspect that offers to all the economic and social systems the means needed for performing their activity in terms of much higher efficiency. Moreover, it is known that, in the process of putting this principle into practice, there has been taken into account precisely its great capacity to conduct our society toward a new, revolutionary stage on the way to the construction of communism and, at the same time, toward a new level of efficiency in management by increasing the functionality of the activities in all fields of social life. "By means of the measures established," it is pointed out in the Decision of the RCP Central Committee on the Improvement of Economic and Social Management and Planning, "there has been created a widely democratic framework for the participation of those who work in the management of the national economy and all social life, so that each work staff may fulfill its role in the proper running of the unit in which it works, in order to increase economic efficiency, to raise the standard of living of the masses, and the general development of society."*

At the same time, there has also been devised and put into practice the concrete mode of objective connection between the requirements for satisfying the social needs, on the one hand, and the intrinsic capacity of the managed subsystems to develop a sufficiently high speed of reaction in the process of distinguishing these requirements, in adjusting their own structures in relation to the content of the requirements and then in the actual response that the system must give to these needs, on the other hand. Practically, as Comrade Nicolae Ceausescu pointed out, it is a question "...of raising the economic and financial mechanism to the level of the development of the new forms of collective leadership...,"** of imposing on the activity of managing all fields of economic and social life a unified system based on the principle of self-management and operationalized by an economic and financial mechanism capable of utilizing all the potentialities of efficiency that the

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* "Decision of the RCP Central Committee on the Improvement of Economic and Social Management and Planning, March 1978," SCINTEIA, 28, III, 1978.

**Nicolae Ceausescu, "A Speech at the General Assembly of Working People at the Bucharest Heavy Machinery Enterprise, 16 February 1978," "Romania pe Drumul Construirii Societatii Socialiste Multilateral Dezvoltate" /Romania on the Way to Constructing the Multilaterally Developed Socialist Society/, Vol 15, Bucharest, Politica Publishing House, 1978, p 524.

principle in itself entails. In this way, the theory and practice of scientific management in our country have found themselves the most efficient tool by means of which it is possible to arrive at the growth of the functionality of the economic and social systems, at the eradication of the forms of seclusion and inertia in the activity of economic and social units, concomitant with achieving the highest precepts of the development of democracy, the participation of the working people in management, the as full manifestation as possible of their personality and creativity.

In this perspective, the affirmation of the principle of self-management and self-administration and the application of the economic and financial mechanism do not involve just a mere increase in degree in the autonomy of the units, an "autonomization" in the sense of weakening the imperatives of unitary management, nor is it a question of the weakening of the planned character of the activity or, eventually, of the creation of premises for the affirmation of the narrowminded local interests to the detriment of those of a general order, but of a revolutionary change that, emphasizing the role of the internal forces of organization and decisionmaking, seeks to more closely connect the activity in the managed subsystems with society's real requirements, to cause an increase in their speed of reaction. Self-management seeks to lay the foundations for high functionality on the economic and social plane and to achieve the performances of efficiency to which the structural superiority of the socialist order entitles us.

For this, the principle of self-management modifies the relations of responsibility, in the sense that it accentuates to a greater extent the direct responsibility of the unit and the staff of working people for the concrete economic and social necessities that society affirms. The feedback that connects the system of action with its social function is now constructed better and can mediate relatively rapid corrections in the structures of action in the system, the blocking of the tendencies to shift the objective, of the formalistic proliferations in records and in the organizational structures, and of the old-fashioned mentalities. Responsibility, too, appears even more clearly shaped and individualized and can no longer be masked by means of discussions, justifications, exceptions coming from the higher bodies, but is expressed directly in the means that are the basis of the continuation of the unit's activity, of its financial capacities.

Seen from the angle of the functionality of the economic and social units, the principle of self-management also involves another important aspect--namely the raising of the level of conscious action of the working people. The documents of the Romanian Communist Party and the entire analysis in the specialized literature show that, for example, the obstacles that the various concrete forms of manifestation of bureaucracy produce are not due exclusively just to the structures that determine more or less objectively a certain behavior, but to the type of action that is developed as a result of individual models of thought, of understanding and of political and professional consciousness. Consequently, the eradication of these inertial forms does not refer just to the perfecting of organizational structures (for example, those that refer to normativeness, authority and control), but also to the aspects that refer to the own behavioral models of the people integrated into these systems of action. The attack on the poorly functional phenomena is successful if there is also an emphasis in the direction of changing the mentalities, of stimulating a means of more directly relating to the requirements of management, to its objectives, which also follows the principle of worker self-management and

self-administration. The transition from "the administration of the unit" to the unformalistic cooperation of all the working people on the basis of a unitary understanding of society's requirements, the transition from formal relations of subordination to the participation of all on the basis of high professionalism, from conformist control to an operative spirit, to self-control and the understanding by each working person of the necessity and purpose of his activity, at bottom, of the social values that he must embrace--these are the ways that this principle makes evident for increasing the efficiency of management.

Self-management thus proposes extremely important objectives on the very plane of transforming the people themselves, the political, professional and social consciousnesses in general. As a solution for eradicating the inertial forms in time, this principle involves, in the future, the elimination of the inertial and conservative mentality, of the tendencies of disinterest and minimization of one's own effort, all these things also being so many possible causes of dysfunctionality. The whole process of improvement in economic and social activity through the affirmation of self-management and self-administration involves the stimulation of one's own effort, of the efficiency of one's own action, on the basis of continually developing the political and professional consciousness of all the working people.

By means of this there are created conditions for the process of management in the economic and social systems to no longer be confined to the strictly administrative plane, to no longer seek possibilities of minimizing the effort and yield easily to dysfunctional tendencies, but, on the contrary, to seek a permanent alignment with society's requirements on the plane of efficiency and functionality.

In this sense, as an operational tool, the possibility of personally preparing the plan, starting at the bottom, from the directly productive systems, as a basis for planning all economic and social life, makes a significant contribution. Thus, the unit in question is subordinated--from a functional viewpoint--to the social needs to a greater extent, which it was called upon even before to satisfy, but with evasion by changing the objectives or minimizing them being impossible for it. As Comrade Nicolae Ceausescu pointed out, it is necessary for "the plan for economic and social development to be drawn up by each enterprise and unit, starting from the production capacities that it has,"* which means that--under the conditions in which the unit's activity is evaluated according to the indicator of the volume of net output and physical output--each managed system should be interested in utilizing as fully as possible these capacities, the human and material production forces with which it is equipped.

Another specific relation in which the economic and social systems are put under the conditions of self-management and self-administration and which can create to a greater extent conditions for growth in functionality is the contractual relation. The contract, as a legal expression of the relations between units, now imposes the the closer connection of the activity in the managed systems with society's needs from a physical viewpoint and no longer permits the changing of the purposes, disinterest in the real requirements of the beneficiaries, at bottom, of society. The contractual relation existed even before, but under the new conditions it is strengthened in the sense that, as Comrade Nicolae Ceausescu pointed out, all

* Ibidem, p 525.

productive activity must now be done "...only in relation to the consumption necessities of the population, to the requirements of the domestic and foreign markets. Consequently, I have also said," the secretary general of the party pointed out, "that an enterprise can produce only what responds to the real necessities of the people, decisively combating any waste. It is necessary for us to take into account the demand and to offer the products that society and the people really need. Let us not allow any kind of production that is not wanted by society, just for the sake of producing."*

Self-management, from the viewpoint of its operational and functional aspect, could not be put into practice without another attribute that devolves upon all the economic and social systems--namely the preparation of one's own income and expense budget, a factor by means of which self-administration takes place, mediating the creation of the financial capacities for supporting the unit's activity in the future. The budget continually offers the picture of the content of efficiency of the activity of the managed system, constitutes the result of the feedback between this activity and the way in which a response has been made to the concrete requirements of society. The budget, as a tool for measurement, creates at the same time the possibility of controlling with greater efficiency the perturbations that can derive from the entropic tendencies of the structures of action, is a factor that stimulates the more efficient utilization of the units' own capacities, the growth of the level of functionality of the units.

All these things are the basis for the appearance of a new tool of management--namely the self-financing of the activity performed, which constitutes another specific relation into which the unit enters in the process of self-management. Self-financing contributes essentially so that the system in question frees itself from the dependence on the hierarchical structures in themselves (that of control and unitary coordination will still remain, of course) and enters into a very close dependence in relation to the social function that it must satisfy, because only as a result of this satisfaction can the resources needed for continuing the activity also be obtained. On the plane of concrete activity, self-financing presupposes a number of elements that strengthen the objective tendencies of the managed economic and social systems toward functionality, in the sense that:**

a) It involves the meeting of the production and circulation expenses from one's own accounts;

b) It obliges the repayment to society of the funds received for the supplying of means of production;

c) It involves the unit in participating in the formation of the centralized funds, then redistributed in the process of the multilateral development of the whole society;

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* Idem, "A Speech at the Plenum of the National Council of Working People, 26 April 1978," op. cit., Vol 16, Bucharest, Politica Publishing House, 1979, pp 131-132.

**See: A. Sesan, "An Efficient Framework for the Affirmation of Self-Administration," REVISTA ECONOMICA, No 2, 1979, pp 9-10.

d) It induces the unit to form its own development funds;

e) It permits material incentives for the staff of working people through the formation of funds corresponding to this purpose.

The whole activity of the units is thus supported to a greater extent by the results of their own effort, and the management is induced objectively to maximize these results, to seek the means of increasing this effort, in the last analysis, to take all the steps to raise the level of functionality of the system, to eradicate its inertia and routine, bureaucratic and formalistic tendencies.

Finally, the promotion of the indicators for measuring efficiency by means of net output and physical output, and profit sharing, constitute, together with the factors analyzed above, a framework of new powers and relations with a role of stimulation for economic and social activity in the direction of more fully satisfying the social needs, bringing the real capacities of the system into agreement with its social function.

As a result of putting the principle of self-management into practice, a response is made at the same time to important objectives that are pursued by any process of managing a socialist unit that tends toward economic and social optimality, namely:

a) The concentration of manifold capacities of creativity, of different experiences, which means that, right from the start, a decision's chances of attaining the desired level of optimality and thus of functionality increase. In fact, society thus utilizes in a much more economical way its resources of intelligence, creativity and initiative, which would otherwise remain in a dormant state, unactivated;

b) The wide and effective participation in decisionmaking helps to raise the level of general responsibility of the working people, to involve them more deeply in the process of attaining the objectives provided by the decision whose makers they feel themselves to be, reducing, on this basis, the possibilities of manifestation of bureaucratic practices. A stronger motivational system for their actions is thus created. In this way, there are avoided the difficulties that appear as a result of communicating and transmitting within a staff of working people a decision whose sense it hardly has to grasp and whose objectives hardly have to be explained;

c) At the same time, the act of participation also involves the attainment of an objective of a social nature, in the prospect of which participation appears as one of the most effective means by which there occurs the process of multilateral development of the personality of the one who participates and who can thus express himself more completely and efficiently, as a producer, of course, but also as a decider, an owner, therefore, able not only to carry out orders, but also, on the basis of a personal act of choosing, to propose new structures and actions, new solutions.

These structural improvements in the management process start from the basic idea that efficient activity is determined, firstly, by the possibility of manifesting one's own internal capacities for analysis of the problems that one must overcome, by the manifestation of the working people's potentialities of creativity, by the behavior of the managed system as a self-regulating system. In this sense, the main efforts of the system will be concentrated not in the direction of devising

responses that the tutelary relations imply under the conditions of the excessively centralized decision (therefore, of simple feedback of a hierarchical sort), but in the direction of satisfying the requirements that society presents to the system in question, determining objectively the tendency toward effective functionality and not toward formalism. The activity of management, far from still being tempted to try justifications, postponements, the prevailing of formal aspects, possible in the case of the preponderant existence of hierarchical feedback, must now concern itself especially with the way in which it is necessary and possible "to solve in the last analysis the problems regarding the deciphering and summation of the social needs, the defining of the relations between needs and interests, the selection of a set of methods for attaining the objectives"* and, therefore, with the way in which the system can be made more functional.

The element on which the basis will have to be put is the initiative of the respective management body, under the conditions in which the unit is now equipped with all the means, from the material ones to the decisional ones, needed for achieving the objectives desired by society. The principle of self-management and the new mechanism of action and decisionmaking permit a more correct evaluation of the results according to the actual contribution that each staff makes, according to the personal effort that the unit makes.

Through the measures for perfecting the mechanism of management, through the irresistible affirmation of the creativity of the masses of working people called upon to participate in the whole decisional process, through the devising of the bases of worker self-management and self-administration, our party has again turned out to be the most revolutionary factor in social and political life in our country, capable of analyzing, in their dialectical evolution, the structures of action existing at a given time and of devising the most suitable forms for turning to a new stage of efficiency.

Of course, in our party's view, the putting of all economic and social life on the basis of self-management and self-administration, the putting of the economic and financial mechanism into practice, is an evolutionary process, in the sense that it did not end along with the devising of this mechanism, but, in fact, began then. Equally, the growth of the level of functionality o our economic and social systems and the disappearance of inertial phenomena, too, have a processual character. We cannot say that through the theoretical devising itself of these measures and their introduction into practice we have already solved all the problems that are posed on the plane of the functionality of our units, but these measures, surely, are bringing about the objective conditions for developing tendencies of growth in the interest in increasing the own effort, the initiative of the wide masses of working people. Of course, as Comrade Nicolae Ceausescu stated, these measures "...for improvement in economic and financial management, for achievement of a better economic and financial mechanism, have a special importance. However, I point out," the secretary general of the party specified, "that they constitute merely the suitable legal, economic and financial framework. No one should expect miracles just through the very adoption of these decisions. In order for them to give the results that we desire, we must act with all possible steadiness to implement them rapidly and in

* Ion Mitran, "Democratic Centralism and Worker Self-Management," ERA SOCIALISTA, No 7, 1979, p 11.

the best way...."* It is important that these complex measures, by developing the forms for involving the masses in management, by increasing the direct responsibility of the units and the working people for meeting the requirements of society, can effectively lay the foundations for much more functional and much more efficient economic and social activity, creating the objective framework for attaining those performances that the structural, organizational superiority of socialist society imposes. The processual character of the introduction of the principle of self-management into practice consists precisely of this, in the sense that it operates as a tendency of growth, starting of course from simpler forms and evolving toward the highest levels of efficiency and functionality, toward the forms specific to communist self-management.

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* Nicolae Ceausescu, "A Speech at the Plenum of the Central Committee of the Romanian Communist Party, 23 March 1978," "Romania pe Drumul Construirii Societatii Socialiste Multilateral Dezvoltate," Vol 15, p 601.

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CONTRIBUTIONS TO STUDY OF FUTURE GLOBAL PROBLEMS

Bucharest ERA SOCIALISTA in Romanian No 21, 5 Nov 80 pp 35-38, 52

[Article by Engineer Mihail Florescu]

[Excerpts] The Society of Waste

Research on a global model and limits of growth has continued. In 1976 the fourth Report to the Club of Rome was worked out with the title of "The Way Out of the Era of Waste." The report researched the problems in the three main areas: energy, raw materials and food production. The authors point out in the introduction that "science and technology are inestimable tools for confronting and solving the grave problems posed by the limited resources. At the same time, we must recognize that the current structure of the economic system does not permit a rapid solution to be made to some of the serious and urgent problems."[1]

Really, the current economic system cannot solve the crisis brought on by the difference between the rich and the poor countries, economic, financial and monetary crises which occur in rapid succession and which cause powerful economic imbalances with more serious consequences for the developing countries. Underdevelopment and undernourishment are deepening in a zone which comprises two-thirds of the world's population, while the oil and raw material crisis and the energy and fuel crisis have become chronic, breaking down the world's entire economic system.

In closing the report, which contains valuable economic analyses, the authors conclude: It is difficult to perfect a global policy and even more difficult for it to be accepted. Thus, we conclude by reasserting that the real limits of growth are more political, social and administrative than scientific and technological."[2] With this, the report leaves open the basic problem: the need to put an end to the consumer society, a society rightfully felt to be a "society of waste," a name which expresses more flexibly and more objectively one of the characteristics of modern capitalism.

An analysis of the models worked out until 1974 was made by Sam Cole of the University of Sussex, England. In the conclusions to his work, Sam Cole asks: "In which

1. Dennis Gabor and Umberto Colombo, "Sortir de [word illegible] du Gaspillage," Dunod Publishers, Paris, 1978, p 4.

2. Ibidem, p 226.

direction is mankind heading?" and he himself answers: "Any conclusion about global models for the long-term future will depend on the way in which the modelling is carried out further."[1]

## Romanian Contributions To Working Out a Global Model

Romanian men of science have participated actively in the discussions and works which have enriched forecasting research in recent years. Romanian science has a critical and scientific attitude toward the models worked out and our country's researchers participate directly in international discussions, bringing their own viewpoints and valuable contribution to modern thinking about man's current and future development.

Mircea Malita has made an important contribution; besides the critical presentation of the models of the Club of Rome, he has set forth the scientific bases for working out a global model. In a valuable article published in VIATA ROMANEASCA in December 1974, he wrote: "A model is a mental or written qualitative or mathematical representation of a portion of reality which constitutes a system (that is, a whole, also having interconnecting parts). The model selects the most representative components of the system and describes the relations linking it. The creation of a model does not serve only knowledge but it also has practical goals. The model serves as a base for experimentation: We change a variable and look at the effects on the entire system."[2]

In order to work out such a global, objective and scientific model for the world economic system under today's historical conditions, when many economic systems exist and within them there are clear differences for each system separately from one country to another, it is practically impossible to achieve a global model for the world economy. Merely a global model for the economic relations among countries can be worked out, as it is conceived of under conditions of a new international economic order. This trend also is found in the recent models of the Club of Rome and, in particular, the global models worked out under United Nations sponsorship.

In the article mentioned, Mircea Malita poses a problem of great scientific integrity which deserves to be noted and remembered. "Someone may express his fear that together with Meadows' model the idea of the model will also be thrown out. Really, the scientific boldness of creating global models must be retained. The attempt is fully justifiable if we take into account that we cannot dispense with the global models manufactured in our minds. We can find only a small number of factors in them."[3]

A global model can represent scientifically a unified system or relations which must be established among systems.

1. Sam Cole, "Global Models and the International Economic Order," Pergamon Press, 1977, p 74.

2. Mircea Malita, "Global Models" in VIATA ROMANEASCA No 12, December 1974, p 41.

3. Ibidem, p 44.

The differences between countries are clear, even in a unified social-economic system, so that in working out a model a very restricted number of general factors, which would be valid for the entire system, must be taken into consideration in working out a model. It is urgently necessary for the model world to work out a global model for the new international order, which would be a code for equitable and peaceful relations among countries, large or small, developed or developing.

"The trend of scientific concern in our times, which generically comes under the name of global models," Mircea Malita showed in the article quoted, may, through the quality of the work, sincerity of intention and efficienty of calculation, aid the effort to qualify the big options and to define a new world order, both in the economic as well as social area, to which it is inseparably linked."[1]

A broad critical and scientific analysis was achieved by Pavel Apostol in his work entitled "The Future," which appeared in 1977. The work proceeds from the methods for studying the future and, logically, it analyzes in a broad way the global models referring to man's future. In the preface the author notes: "With this conceptual and methodological apparatus I have attacked the problem of "global models," in this regard, too, stating new directions for improving them from a viewpoint which I have made valid and in direct or written confrontation with the authors of some of these constructions regarding human problems."[2] The natural and social sciences, mathematics and information systems, logic and dialectics contribute to the same extent to working out models for man's future. Thus, it is a scientific mission of very great dimension.

Making critical inroads in models of the world, Pavel Apostol scientifically characterizes Meadows' work in this way: "The limits of growth signaled the irrational nature of economic growth in the very industrially advanced capitalist countries and have shown that it creates insoluble problems if the very principles of the particular economic system are not questioned, and the contradictions caused in several capitalist countries by th's growth, on the basis of economic interdependencies, can bring a break in the world balance in the foreseeable future."[3] Proceeding from this broad analysis, Pavel Apostol presents some of the most important critical conclusions, from which I repeat the following: Global models are clearly simplifications and approximations of a possible or really original(here we have the future of the world); models, as we know, are aggregates of variables obtained through disintegration of the original; the disintegration of the "world" quasisystem has been achieved and is being achieved according to heterogenous criteria (even within one and the same model), although all the decisions associated with the model or included in decisionmaking models are political, current models make an abstraction of relations of force at the national, "regional" and international level and of their probable evolution and as such—like it or not--create the dangerous illusion that the future depends only on decisions regarding technical rationality, the models of the world quasisystem do not conceive of this or of its partial systems as learnable systems (through their program, experience, through scientific information and so forth).[4]

1. Ibidem, p 46.

2. Pavel Apostol, "The Future," Scientific and Encyclopaedic Publishers,1977, pp 10-11.

3. Ibidem, p 221.

4. Ibidem, pp 246-269.

Formulation of these critical elements of models of the world, as worked out in the developed capitalist countries, is accompanied in the work published by Pavel Apostol by an presentation of the dialectical methods for studying the future, on which base the global models of the world are to be worked out. The studies of methodology in these areas are more and more numerous and will permit multidisciplinary and interdisciplinary paths to be chosen for working out models on which base the social-economic organization of the world can be deciphered in the near future and further in the future.

Under sponsorship of the Central Institute of Economic Research and Institute of Socialist Economics, the work entitled "World Economy: The Horizon of 2000,"[1] which groups a number of economic studies, going from the general problems of the world economy up to development of the main economic branches, was published. The studies presented are of a forecasting nature and attempt to determine what the main directions of development will be up to the end of the century.

The problems of forecasting development by short or long-range periods have generated the interest of men of science, governments of all countries as well as international organizations, particularly the UN.

Single-Subject Models

Along with the works which treat the global model of the world, it has been felt useful to publish some studies whose subject was an analysis of a single subject, which permitted a deepening and broadening of the vast problems of the global model of the world.

In this framework, the forecasting collectives of the Academy of the Socialist Republic of Romania organized broad discussions, which were published in the series entitled "Man's Global Problems." In the preface to the first work published, Mircea Malita, coordinator of the series, points out that the developed subjects are agriculture and nourishment, solar energy, electronics and information systems, resources of the seas and oceans, human settlements and systematization of territory, with discussions to be organized on the subjects of materials and chemistry, science and technology, intra-atmospheric space, biology as well as human resources.

Publication of the first works stirred the interest of specialists and the public at large. The work entited "Energy in the Next Three Decades" was written under the leadership of Dr Engineer Calin Mihaileanu, director of the Institute for Research and Energy Modernization. In the preface, Mircea Malita points out what the role will be of publishing many chapters in each work as approached by a large number of scientists and specialists: "By definition, the decision is a choice between more than one alternative but, in order for them to be able to be weighed and the good strategies of development to be worked out, any version and any option must be presented with all its implications."[2]

1. Coordinators: Mihail Florescu, Mircea Malita and Marcel Horowitz.

2. "Energy in the Next Three Decades," Publishers of the Academy of the Socialist Republic of Romania, 1979, p 8.

Stressing the need to work out a strategy for providing the energy base for the country's economic development in the long range, Dr Calin Mihaileanu, at the same time, points out that "together with the stress on the interdependence between nations, it is becoming more and more clear that national energy policies must be based on experience and knowledge of a horizon at the world level and for the long range, with which the national programs should be coherent and compatible."[1]

The 12th party congress approved such a national model through the Program Directive for Development of Energy Resources for the 1990-2000 Period, establishing the directions which will assure the energy base for our country's entire development.

In the work entitled "The Future of Electronics and Information Systems," coordinated by Prof Mihail Draganescu, the main problems resulting from the revolution of information systems and its implications for the entire development of society are treated. The revolution in information systems was possible due to the electronic revolution and, more recently, microelectronics, which caused radical changes in the automatic management of production processes and in automatic data processing, basic aspects which must be taken into account in the strategy of development and in working out models by branches or global models.

The appearance of the work entitled "Nourishment and Agriculture in the Next Three Decades," coordinated by Academician Nicolae Giosan, has great importance in knowing the problem and working out solutions to eliminate undernourishment for one-third of the world's population. The discoveries in biology are becoming an important component of the scientific-technical revolution not only in the process of knowledge; broad opportunities are opened for providing nourishment through the rapid development of biochemistry and bioengineering and by moving to the broad-scale use of enzymatic processes and microorganisms, while current agricultural techniques and practices will be revolutionized due to genetic engineering.

In one of the studies in the work, Academician Nicolae Giosan stresses that "food production is being confronted more and more not only with the energy crisis but also with the entire series of problems of economic growth and elimination of the differences between levels of development of various regions and countries. Failure to resolve the problems of nourishment as one of the basic problems of human existence can have serious implications for thecourse of world evolution."[2]

For these reasons, all the global models worked out approach the problem of nourishment as one without which human civilization cannot be thought of.

We await the continuing publication of the works announced, with the wish that they represent an important contribution of science in our country to clarifying the global problems of mankind and to working out models with a solid scientific base and real solutions.

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1. Ibidem, p 11.

2. "Nourishment and Agriculture in the Next Three Decades," Publishers of the Academy of the Socialist Republic of Romania, 1979, p 13.

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SLOVENIAN EMPLOYMENT PLANS TO 1985

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Nov 80 p 8

[Article by Ljubomir Krasojevic: "Slower Growth in the Future"]

[Text] The growth rate of employment in the coming medium-term plan in Slovenia is brought into closer relationship with the tighter conditions for economic activity and stabilization trends, which require optimum employment of manpower and thereby a faster growth of income per employee. The draft of the social development plan of Slovenia up to the year 1985 provided that employment in the economy and social services would increase considerably slower than up to now.

That is, as set forth in that document, the economic capabilities allow employment to increase at an average annual rate of 2 percent in associated labor over the coming 5 years. Of that employment in the economy would increase at a rate of 1.8 percent and employment in the social services about 2.2 percent and employment in public organizations and communities a maximum of 1.9 percent annually. The growth rate of employment in the less developed regions would be slightly higher, and in the more advanced regions it would be below this republic average.

On the basis of these predictions it is assumed that in the coming period new jobs could be opened in the republic for 80,000 workers, one-fifth of them in noneconomic activities, above all in the social services. There are also realistic prospects for opening up another 7,000 new jobs in the self-employment sector. Toward the end of the next medium-term period, it is being planned, there would be a total of 880,000 persons employed in associated labor and self-employed in Slovenia. That would keep the share of the work force in the total population at the same level of about 45 percent.

Obligations of Associated Labor

The conceptions of development state that advantage in hiring must be given in coming years to young trained personnel. However, it is well known even now that difficulties will arise because of the discrepancies between the

training of the new personnel coming from the schools and the particular occupations which associated labor really needs. In the first years of the medium-term plan the share of unemployment in the republic, it is now estimated, will range between 2.5 and 3 percent.

Though the republic's medium-term development plan foresees a considerably slower growth of employment than has been the case up to now, it is felt that even the low rates foreseen impose substantial obligations on associated labor. That is, the self-management accords signed by all the opstinas in the republic commit organizations of associated labor to make provision for total social costs of every new job so as to ensure what is called the minimum standard of living and working conditions.

Moreover, the restructuring of the economy, which is one of the republic's strategic lines of development, necessitates a higher level of knowledge and professional competence on the part of workers, and thereby an increased share of the appropriate skills in the total work force. The changes envisaged in the pattern of work, the introduction of automation into production processes, and then the better organization of work and reduction of the share of office and staff personnel, will necessitate effective resolution of the problems of manpower surpluses in a considerable number of organizations of associated labor. These work organizations, and it is believed that their number is not small, will have to be prepared even now for timely adoption of programs to equip and train personnel for new specialized knowledge, which would be accomplished in collaboration with opstina employment security communities.

Maximum optimality in hiring is becoming one of the essential prerequisites in Slovenia for stabilization, for more efficient conduct of economic activity, and thereby for the rise of labor productivity. The growth rate of employment in the current medium-term period has been considerably above the projection. That is, the most recent studies show that only in the first year of the current medium-term plan, 1976, did the growth rate of employment in Slovenia remain within the limits of the projection, when it showed a growth of 2.9 percent. The very next year the growth of employment was 3.1 percent, in 1978 it was 4.1 percent, and last year that percentage dropped to 3.3. On that basis it has been calculated that employment in the current medium-term plan has so far shown an average annual growth of 3.5 percent.

Productivity Below the Projection

It is true, and current analyses so demonstrate, that the growth rate of employment has been considerably more modest since the end of last year and up to the present time because of the effect of the stabilization measures which were adopted. Though the slower growth rate of employment is typical of all organizations of associated labor in the economy, so that by all appearances the growth this year will be about 0.5 percent, it has been especially marked in organizations of associated labor in physical production,

which account for 57.3 percent of the workers in the economy. That is, in this domain of associated labor the number of employees has hardly changed at all since last December.

Though the stabilization measures will undoubtedly tend to bring the markedly dynamic growth rate of employment over the past 4 years into the somewhat more realistic limits of the original predictions by virtue of the results expected in 1980, this is one of a number of reasons for the slower rise of productivity in this republic.

The following comparative figures best illustrate the kind of growth of productivity we are talking about. The most recent analyses of progress in fulfilling the current medium-term plan show that the share of the rise of productivity in the growth of total output of associated labor has been 42 percent over the past 4 years, which is 15 percent less than was planned. In the industrial sector, however, the contribution of the rise of productivity to the total growth of output was 63 percent, or 3 percent less than was envisaged. If the estimates which have been made are borne out this year in the context of the quite appreciable moderation of the growth of output, productivity could increase as much as 2 percent. Then its share in the growth of the social product would be 50 percent, which is still 7 percent less than was planned.

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## PRIVATE SECTOR CRUCIAL TO FOOD PRODUCTION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Nov 80 p 4

[Article by Tomislav Kapetanic: "The Private Farmer (Un)reliable as a Partner"]

[Text] Deagrarianization in Yugoslavia means above all the abandonment of agriculture as a principal occupation. Under the altered conditions it is becoming a secondary or supplemental occupation based on retained ownership of land. Deagrarianization has not been followed at the same time by deruralization. It is this fact that is continuously renewing the urgency of the question of the possible level and manner of production to meet society's ever greater needs. This kind of peasant, or more precisely half-peasant, is objectively an unreliable partner as a commodity producer of food, since at best he realizes only a third of his total income from farming, but obtains the major portion by working at other jobs.

The total number of private farms has held at 600,000 for quite a lengthy period now. Some, it is true, disappear, but new ones, most of them tiny, are also springing up through inheritance and division, through purchase and similar ways. The small size of landholdings, their dispersion and the fact that they consist of tiny detached pieces (in Croatia there are even now 18 million cadastre parcels) objectively hampers the more extensive and effective use of machinery and the pooling of labor and capital with the socialized sector of agricultural production. These are the limiting factors in private agriculture, where there are fewer and fewer "pure" farmers. Let us add to that the datum that in Croatia at the present time, aside from the 600,000 farmers, there are also another 300,000 persons, persons who are not engaged in agriculture, paying taxes on the basis of possession of land. Certainly this trend is not contributing to the needs for a major growth of agricultural production.

It is evident from this brief sketch of our "peasant question" that the present structure of agricultural production is by virtue of many of its characteristics and tendencies holding back the development of up-to-date production, but at the same time in many of its tendencies and manifestations it leaves room for action and for faster progress in a more extensive

process of socialization and development of socioeconomic relations. Up to now, however, the adverse aspects have manifested themselves more markedly. The new law on farmland, which was prepared last year and has already been thoroughly debated, takes the agrarian structure of this republic into account. It therefore contains solutions which could considerably mitigate the adverse tendencies and make it possible to implement the general principle that the land is a resource of general importance, with all the consequences which follow from that principle.

It is unrealistic to expect, however, that the law alone, without the broadest social campaign, can guide the very problematical movements and processes in this sensitive field of food production. It is obvious that the private sector of agriculture, with its tendencies and contradictions, has not yet reached the center of public attention and study with a view toward its guidance and planned inclusion in the lines of society's development. There is no doubt that this is the portion of our economy which is developing most spontaneously and to the greatest extent without an appropriate program.

Paper Cooperatives

When we speak about "aggressive programs" in food production it is natural that reliance should be put first of all on public farms and socially organized production, which must not bypass the present. In many places, however, the private farmer is left to himself and has no basic link to the socialized sector of agriculture, and often he has lost even his cooperative, which was the only point of support and collaborator in a production which would ensure satisfaction of broader needs.

In the country as a whole about 400 agricultural cooperatives have disappeared over the last 4 years, and their property has been taken over by agricultural combines and institutions in the distribution sector. The paradox is that a considerable number of the cooperatives went out of existence in the period when the flood tide of farmers joining cooperatives, basic organizations of cooperators and other forms of association would occur. What occurred was a low tide with immeasurable consequences. Regardless of its rapid development trend, the public sector is a weakling when it comes to producing food when one compares its capacities with the capabilities of the private sector. The crop planting plan in Croatia for the 1980-1981 farming year, for example, assumed 405,000 hectares of peasant plowland would be planted to corn (the socialized sector's share is only 85,000 hectares). Private farmers will grow potatoes on 82,000 hectares and the socialized farms on 200 hectares. These are just two figures which even alone are sufficiently eloquent.

But what could be done by the economically disorganized peasant who has been left to the haphazard play of the market and to partners who are looking mostly to their own interest? The reasons for the present situation are many, ranging from the one-sidedness, half-heartedness, formalism and

inconsistency in applying the principle of self-management to the organization of farmers' associations, to the inherited conception of the farmer as a kind of private entrepreneur, one which in the past led to a drastic neglect of his rights to self-management, one of which is the right to form associations.

Certain cooperative organizations in Croatia have understood that they could not operate by earning income on the purchase-sale conception of relations with rural areas, and they developed authentic relations based on shared income. Business books are kept for each private farm in the area they serve, and they jointly plan and provide for the conditions of production and adopt production and sales strategies.

The End of Planning Done Behind Closed Doors

It is particularly important to carrying out a more extensive program of food production in socially organized production in the private sector that the formation of farmers' associations assume more massive proportions and attain a higher quality. Many of the present number of associated farmers in Croatia (38,672), farmers involved in lasting forms of cooperation (184,930) and those who occasionally collaborate with cooperative and other organizations of associated labor (109,201) will probably move into higher categories in the coming period, since they are counted on as significant producers of food, and it is expected that toward the end of 1985 this republic would have about 50,000 specialized commodity producers (for milk, meat, vegetables, fruit and grain). Since today there are only 15,000 of them, this increase would signify a new qualitative attribute not only for planning, but also for the total volume of production of products for the market.

The socialized sector of agriculture, which in 1979 had a share of 19.5 percent in total arable land and 45.3 percent in total production of the most important field crops (wheat, corn and sugar beets) as well as 34 percent in total meat production, has been expanding slowly for quite a long time now--as compared to the rate of growth of the needs of centers of consumption and export, and socially organized production cannot make up for the consequences of deagrarianization to the necessary extent. The length of the new leap in production will probably depend mostly on the size of funds invested in socialized production and on this sector's organizational capability to tie private farmers more firmly to its plans for food production in the new planning period up to 1985.

Cheap Solutions Are Not the Best

This commitment has also been made imperative by the fact that the agroindustrial complex has become a more significant factor in the stabilization and coordinated development of the entire economy than it was in the past and by the fact that it will be so in the future to a greater and more decisive extent as the material and social linkage and also interdependence

between that complex and the rest of the economy necessarily becomes greater and greater during future economic development. Cheap solutions such as importing food when domestic resources fall short are not socially justified. Actually they did not fall short in fulfilling the production program, since the output was larger. Nevertheless, in spite of all that, though it sounds paradoxical, the overall development of food production, which on the whole was favorable, did not keep up with the exceptionally large and steadily growing needs of society.

It is also obvious that total demand considerably exceeded the planning predictions. We are examining in the overall context all the implications of the profound changes in the socioeconomic composition of the population for the production and consumption of agricultural products. The advanced process of deagrarianization has reduced the farm population to 20 percent of the total population. At the same time the growth of the farm income from farming and especially the nonfarm income of the farm population--and indeed the income of the rest of the population--has enormously increased the consumption of finished farm products and processed foods and in a relatively short time has increased the pressure on society's food stocks many times over.

In the overall view primary production, with its average annual growth rate of 3.8 percent and tendency to slow down, is not keeping up with demand. In future it must therefore have a considerably faster and more stable growth trend. In the coming medium-term period conditions for production are being essentially improved on 220,000 hectares of arable land in the private sector, and the basis is being created thereby to set up a portion of the private farmers as producers for the market thanks to association and higher income. The area to be planted in the socialized sector is also increasing by 110,000 hectares through various forms (between 70,000 and 80,000 hectares of grain, 10,000 grains of sugar beets, 20,000 hectares of livestock feed and vegetable crops, and 6,000 hectares of large new fruit and grape plantings).

Physical production in the period 1981-1985 ensures among other things about 5 million tons of grain, nearly 2 million tons of sugar beets, 1.9 million tons of vegetables, 154,000 tons of oilseed, 368,000 tons of meat and 1,180 million liters of milk. The plan for development of primary production is much more ambitious than previous first projections, especially in comparison to the fulfillment of previous plans in Croatian agriculture.

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